



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 8, 2005

Gary Burningham
Burningham Enterprises
95 North 200 East
P.O. Box 974
American Fork, Utah 84003

Subject: Refund of Surety, Burningham Enterprises, Mammoth Ridge #1, S/017/048,
Garfield County, Utah

Dear Mr. Burningham:

Enclosed are two checks which were originally posted as reclamation surety for the Mammoth Ridge #1 mine site. A \$5,000 check was posted December 13, 2004, and a \$10,500 check was posted April 18, 2005. On May 25, 2005, we received a \$15,500 Certificate of Deposit issued by Bank of American Fork as replacement surety for the cash checks. We are therefore, returning the two checks to you.

Before we can issue approval of the \$15,500 Certificate of Deposit, and subsequent acceptance of the small mining notice, we need the final CD cover letter (enclosed) signed by both you and a bank officer, and a letter from the Bank on their letterhead, stating they have an administrative hold placed on the CD. We also need a completed Reclamation Contract submitted which includes identification of the \$15,500, the legal description of the entire disturbed area and map. Please contact Beth Ericksen at (801) 538-5318 for details regarding the Reclamation Contract and Bank administrative hold letter.

Thank you for your help in getting this permitting action finalized for this small mining operation. If you have any questions or concerns regarding this letter, please contact me or Tom Munson.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:jb

Enclosure: Two checks, CD cover letter

cc: Vickie Bailey, Accounting

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BURNINGHAM ENTERPRISES, INC.

STATE OF UTAH
DATE REFERENCE

MEMO

04/14/2005

G/L #

AMOUNT

034233

34233

04/14/05 04/14/2005 HATCH PROPERTY BOND

1110000

10,500.00

5/017/048 Mammoth Ridge - Surety Bond

BURNINGHAM ENTERPRISES, INC.

95 North 200 East
American Fork, UT 84003
Phone: 756-8138

BANK OF AMERICAN FORK
P.O. Box 307
American Fork, Utah 84003
Phone: 756-7681

97-102 / 1243

034233

TEN THOUSAND FIVE HUNDRED AND 00/100

DATE

CHECK NO.

AMOUNT

04/14/2005

***10,500.00

PAY
TO THE
ORDER
OF:

STATE OF UTAH
OIL, GAS, AND MINING
P.O. BOX 145801
SALT LAKE CITY, UT 84114-5801

Gray B. L.

STATE OF UTAH

TO: EDWARD T. ALTER, UTAH STATE TREASURER

DIVISION OF FINANCE, 2110 STATE OFFICE BLDG, SALT LAKE CITY, UTAH 84114

STATE VENDORS



WARRANT NUMBER

F 6067220

PAYABLE ON
UTAH STATE TREASURER 31-289
SALT LAKE CITY, UTAH 84114 1240

PAY FIVE THOUSAND DOLLARS AND 00 CENTS

00ORFD

TO THE ORDER OF

BURNINGHAM ENTERPRISES
1594 WEST NORTH TEMPLE
SUITE 1210
SALT LAKE CITY UT 84114

VOID ONE YEAR FROM DATE

MONTH	DAY	YEAR
06	02	05

PAY THIS AMOUNT

\$ *****5,000.00

Brenda Lee Ly
DIVISION OF FINANCE

DETACH BEFORE CASHING

STATE OF UTAH, Division of Finance
2110 State Office Building, Salt Lake City UT 84114

YY VOUCHER #	INVOICE #	DESCRIPTION	AMOUNT
50 52000100485		DIV OIL, GAS RETURN OF CASH SURETY BON	5,000.00

00RFD

03 DATE: 06-02-05 WARRANT NO: F 6067220 TOTAL \$5,000.00

CTRL: 0002211



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Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

June 8, 2005

Bank of American Fork
Lehi Utah Branch
712 East Main
Lehi, Utah 84043
(801) 766-1000

Attention: Layne Cardon, Vice President

Subject: Reclamation Surety, Certificate of Deposit for Burningham Enterprises, Mammoth Ridge #1
Mine Site, S/017/048, Garfield County, Utah
Certificate of Deposit no. _____ 6; Principal Amount \$15,500.

This letter describes the mutually agreed upon instructions of the below signed parties to Bank of American Fork ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Mammoth Ridge #1 mine site ("Mine Site"), Garfield County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$15,500 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the United States Department of Interior Bureau of Land Management ("USDOI - BLM") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Burningham Enterprises, Inc., a Utah corporation, (Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and United States Department of Interior Bureau of Land Management ("USDOI - BLM") and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either

redeemed or released by both the Director of the Division and the authorized officer of USDOJ – BLM.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining and the authorized officer of USDOJ- BLM to the Bank. Upon the instruction and demand of the Director and authorized officer of USDOJ - BLM, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining.

Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of USDOJ – BLM may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division and the authorized officer of USDOJ - BLM to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$15,500. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: _____

Gary Burningham, President
Burningham Enterprises, Inc.
Tax ID Number: _____

Date: _____

Layne Cardon, Vice President
Bank of American Fork, Lehi Branch

Date: _____

jb
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